

BCBSVT Drug Trends

House Committee on Health Care

February 4, 2020

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well



BlueCross BlueShield
of Vermont

An Independent Licensee of the Blue Cross and Blue Shield Association.

Agenda



Drug Trends Through
the Pharmacy Benefit

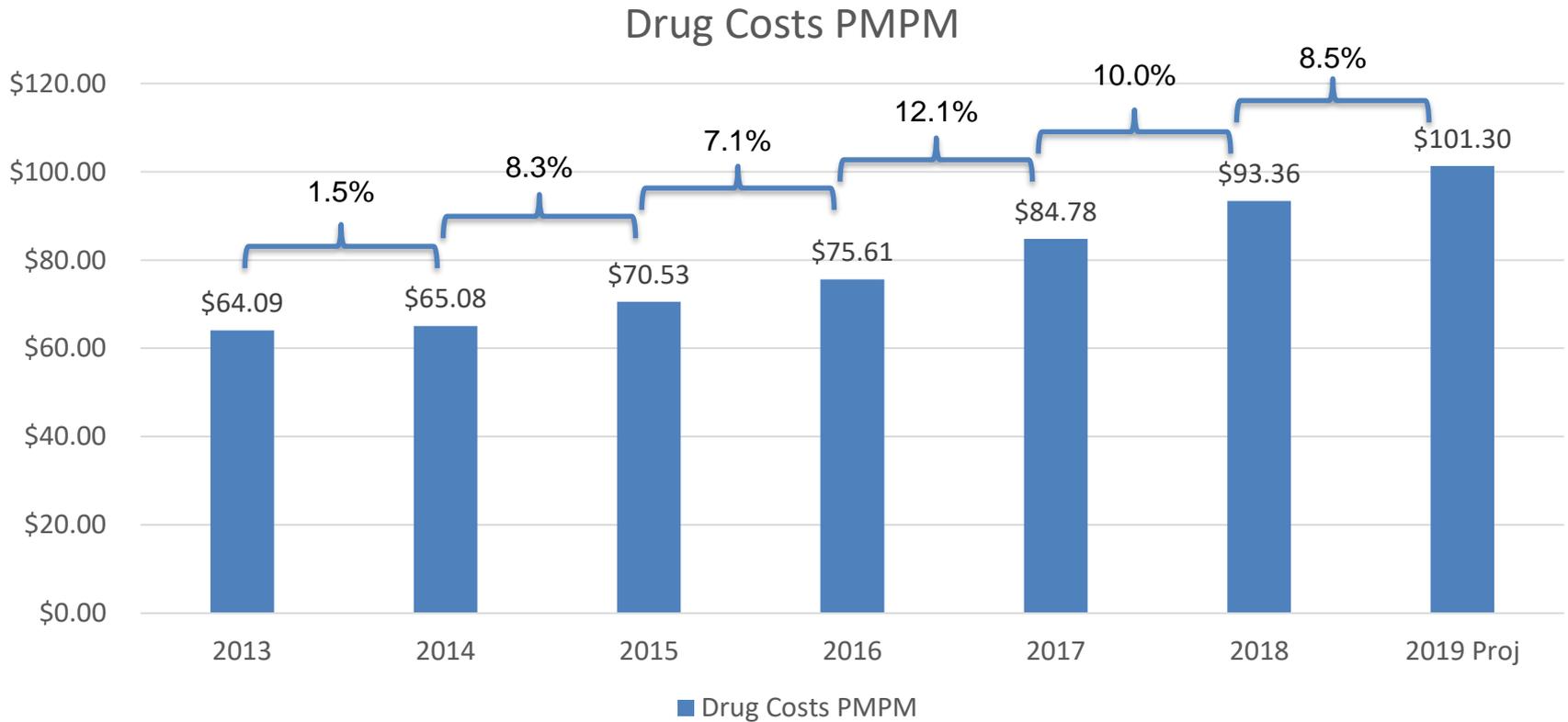


Drug Trends Through
the Medical Benefit

PHARMACY BENEFIT DRUG TRENDS



BCBSVT Prescription Drug Cost by Year



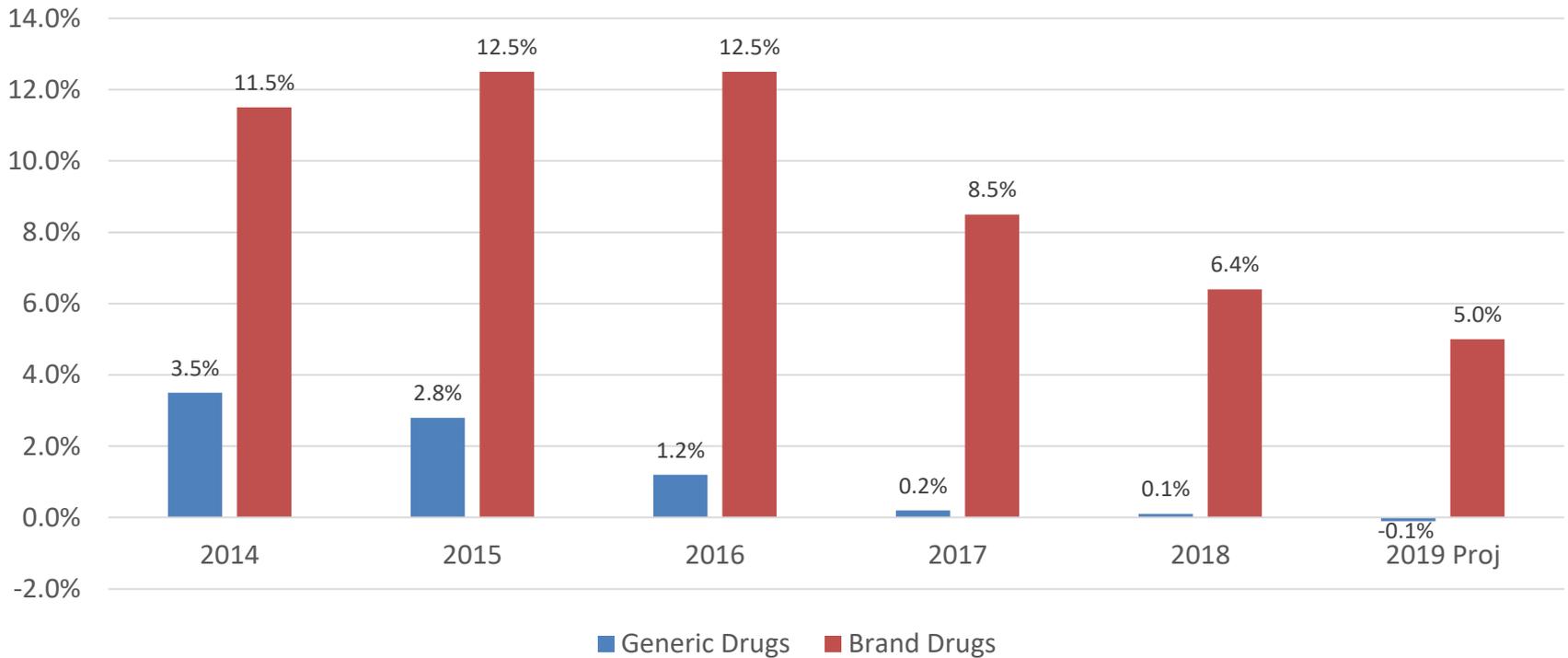
Drug Trends – Specialty vs Non-Specialty

Specialty Drug Trends vs Non-Specialty Drug Trends



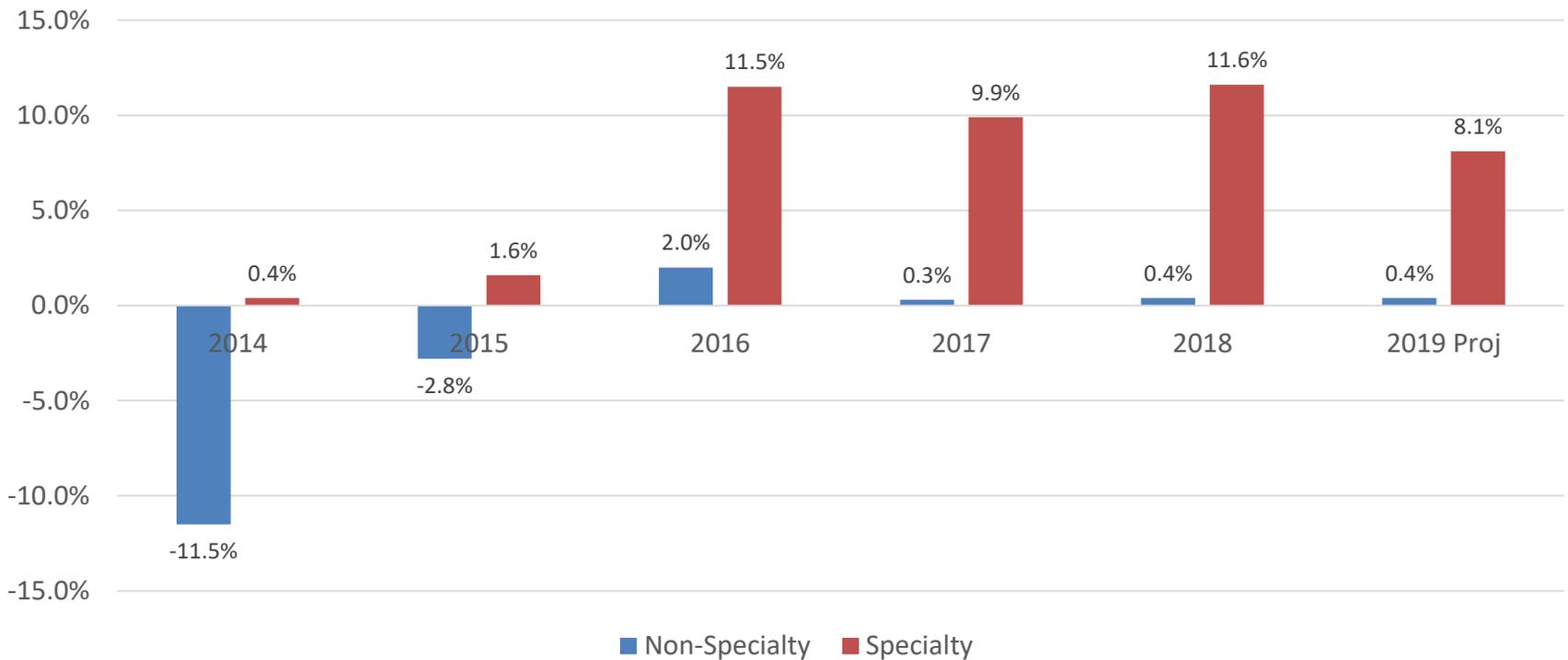
Drug Trends – Inflation Rates

Inflation Rates – Brand vs Generic



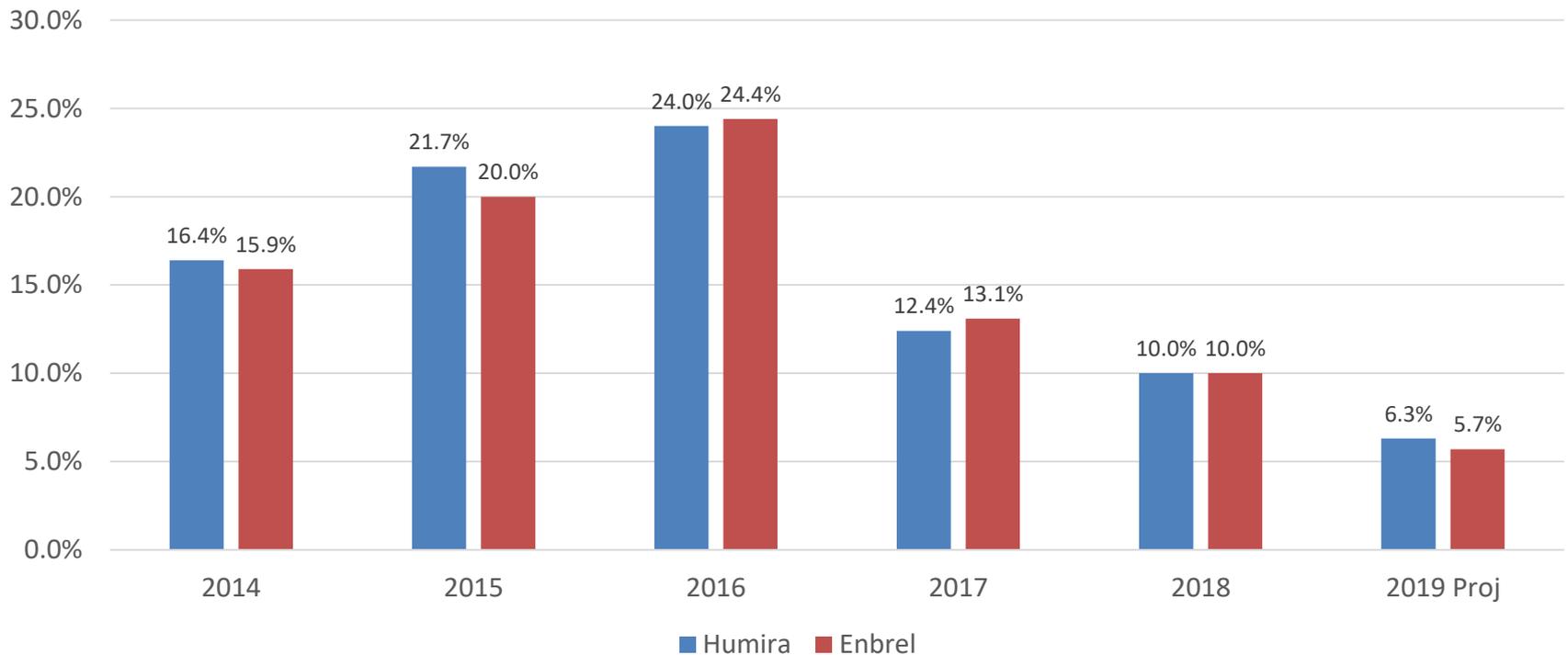
Utilization Trends – Specialty vs Non-Specialty

% Increase in the Scripts PMPM – Non-Specialty vs Specialty



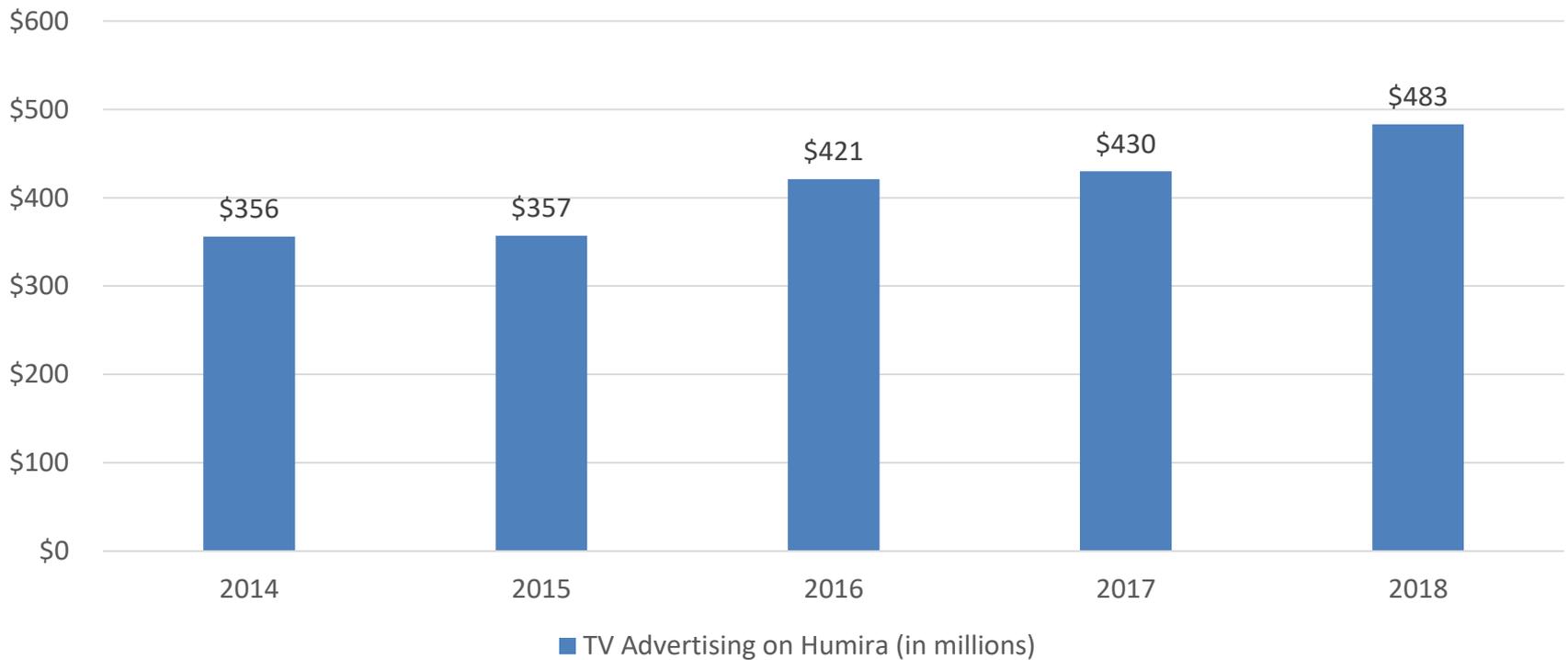
Inflation Rates – Inflammatory Conditions

Price Increases – Humira vs Enbrel



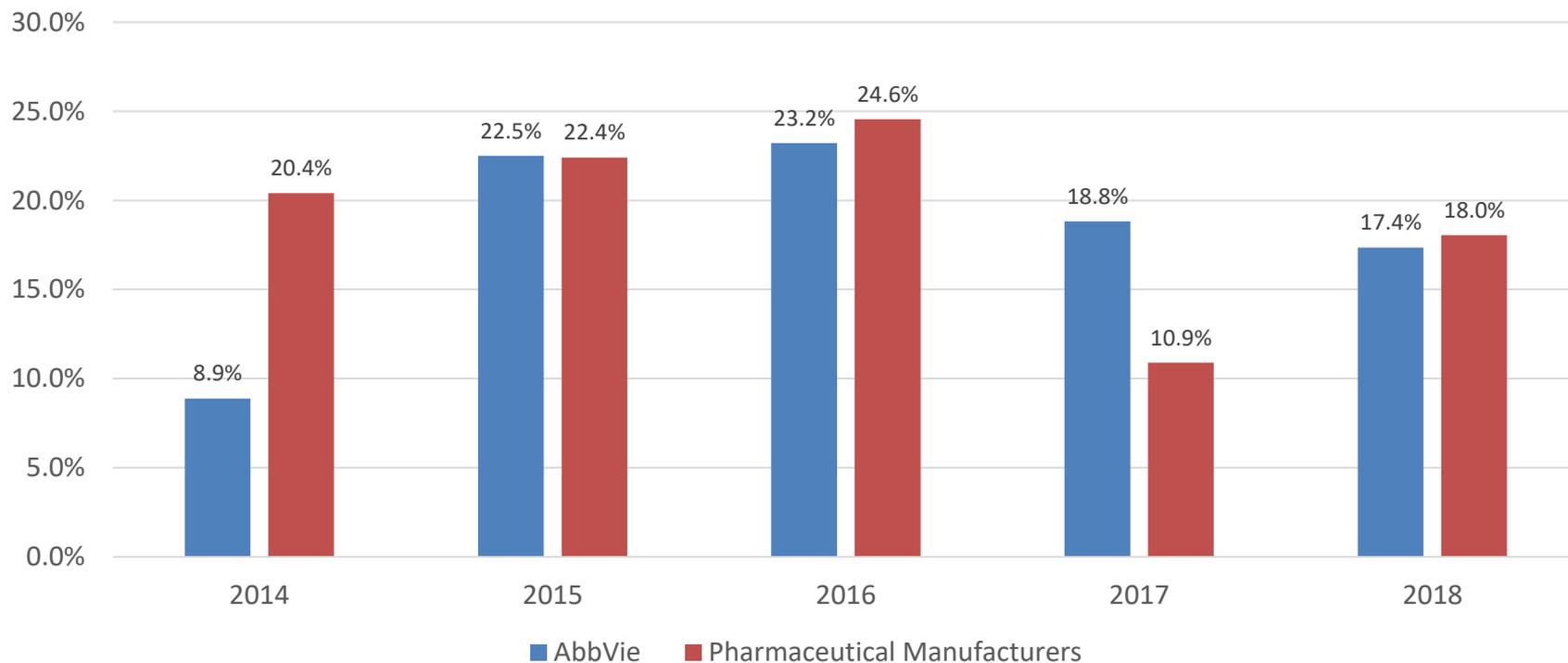
AbbVie TV Advertising on Humira By Year

TV Advertising on Humira (in millions)



Net Margin % By Year

AbbVie & Drug Manufacturer's Net Margin % By Year



Pharmacy Industry Margins

- Pharmacy Benefit Managers have the smallest margins in the pharmacy delivery pipeline.

(as a % of revenue)	PBM Express Scripts	Pharmacy Walgreens	Manufacturer Amgen
Gross Margin %	8.5%	23.4%	63.9%
Net Income %	3.3%	3.8%	30.7%

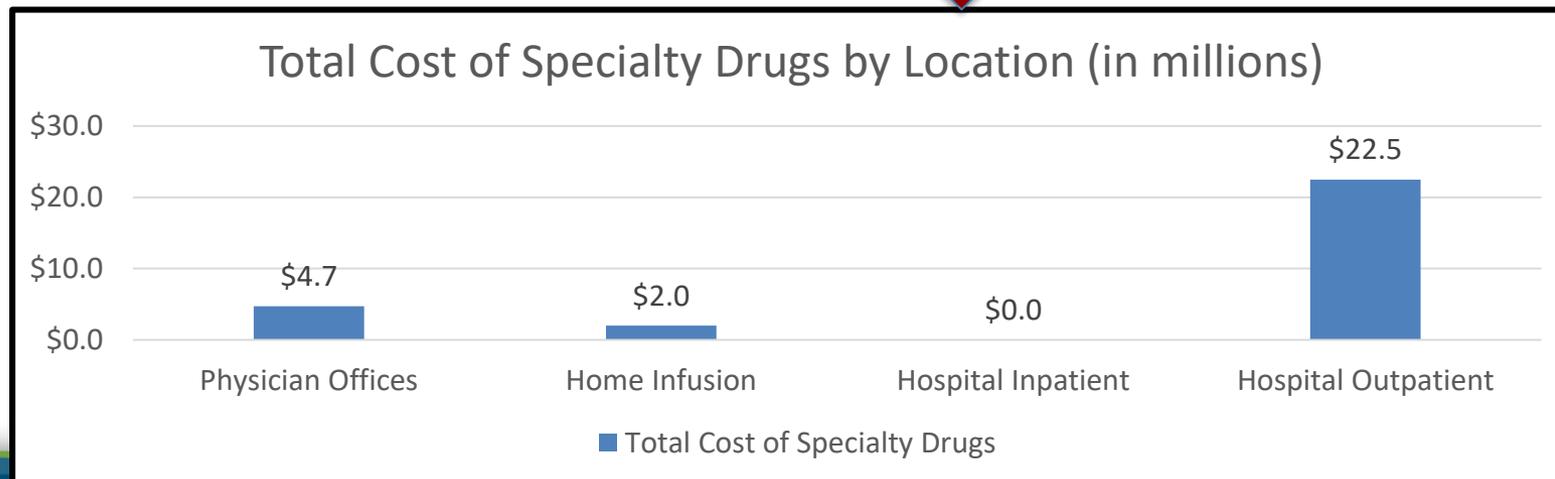
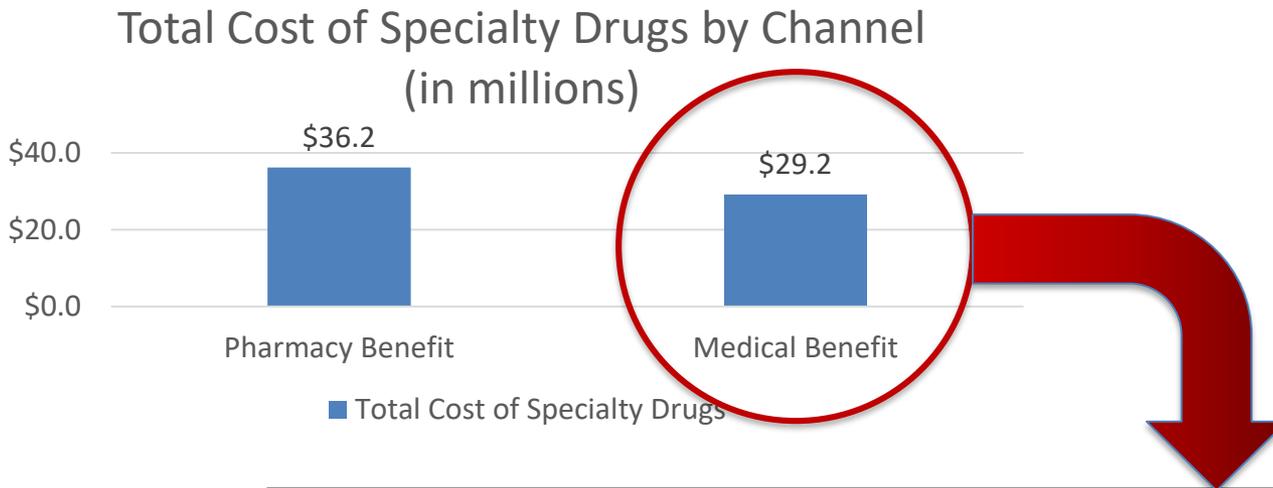
Note: Data from 2018 SEC filings.

- As a not-for-profit company, BCBSVT contributes about 0.5% to our reserves each year.

MEDICAL BENEFIT DRUG TRENDS

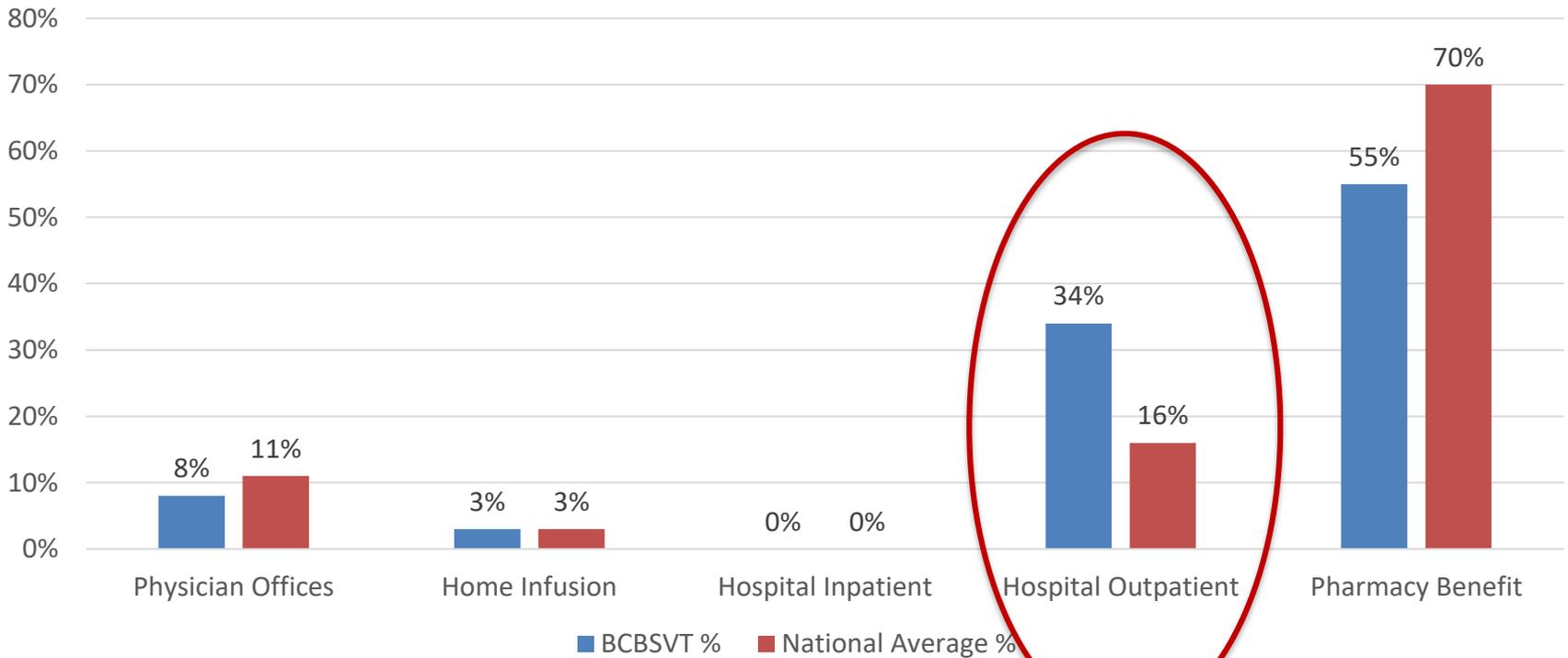


Specialty Drugs on the Medical Benefit



Specialty Drug Cost Distribution

Distribution of Specialty Drug Costs



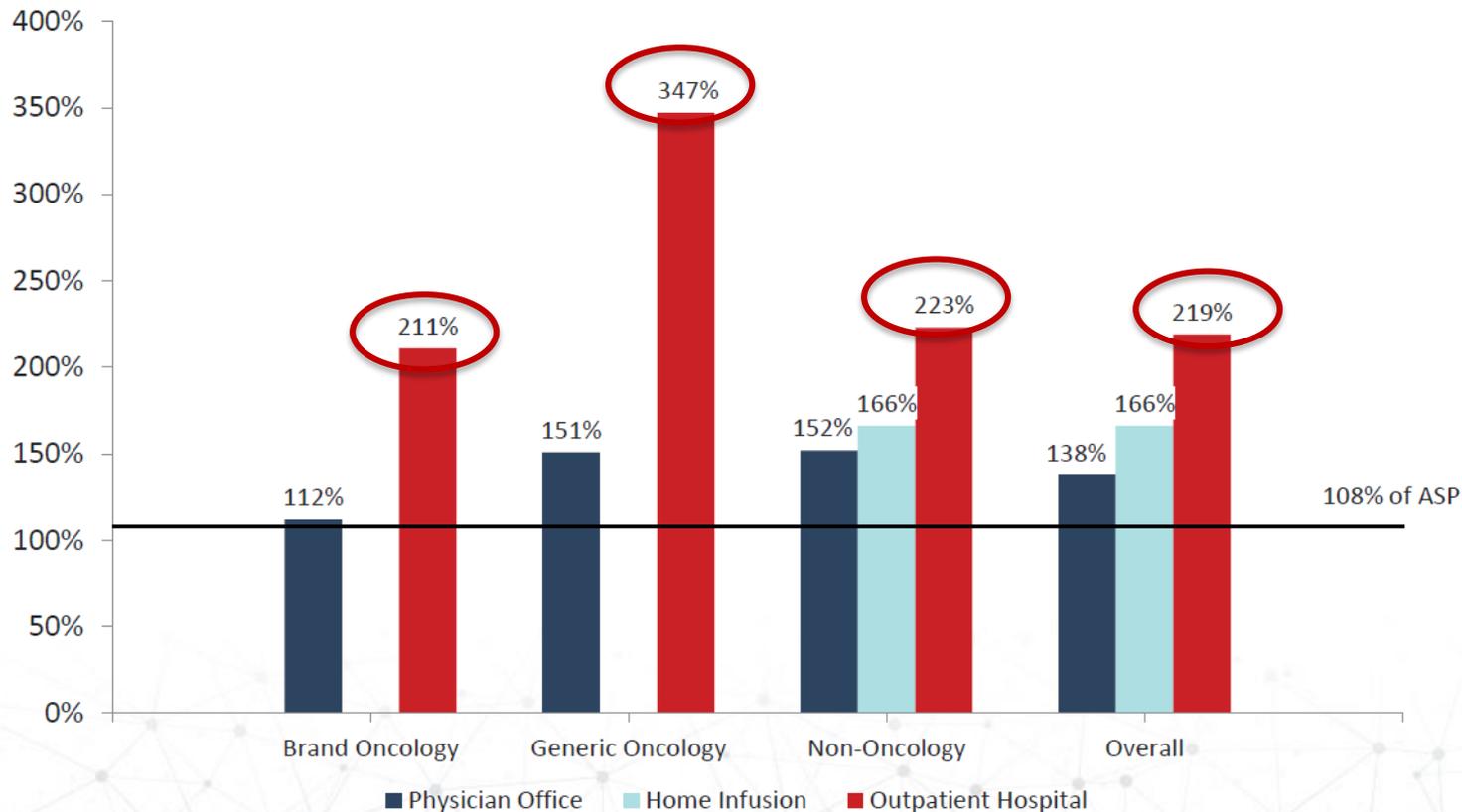
BCBSVT's Medical Specialty Cost vs Benchmark

Benchmark: Commercial – Year Ending: 7/31/2019

Metric	Actual	Industry Average	Variance	Variance %	Industry Low	Industry High
Spend Profile						
PMPY Specialty Total Cost	\$1,005	\$931	\$73	8%	\$657	\$1,584
% of Specialty in Medical	55%	42%	13%	31%	34%	46%
% Outpatient Hospital in Medical	80%	58%	22%	38%	20%	71%
Pricing Under Medical						
Specialty Medical Trend	15%	15%	0%	0%	0%	23%
Physician Office/Home Health % of ASP	138%	131%	7%	5%	109%	149%
Outpatient Hospital % of ASP	219%	187%	32%	17%	154%	217%
Administrative Costs as % of Medical	3%	6%	-3%	-50%	1%	8%

BCBSVT's Medical Specialty Drug Costs

As a percentage of ASP between locations



Note: ASP = Average Sales Price; benchmark for drugs on the medical benefit (Medicare is often at 108% of ASP)

Medical Specialty Example - Ocrevus

- Ocrevus is a newer drug for the treatment of multiple sclerosis
- BCBSVT's current Ocrevus utilization:
 - 84% utilization is in the OP hospital
 - 14% utilization is in physician offices
 - 2% utilization is through pharmacies

Quantity	Channel	Avg Cost/Claim
300	OP Hospital	\$32,058
600	OP Hospital	\$59,033
600	Physician Office	\$38,529
600	Pharmacy	\$33,637

BCBSVT Savings If Patients Shifted Away from Hospitals

Non-Oncology			Oncology		
Drug	Members	Savings	Drug	Members	Savings
Remicade	195	\$9,576,620	Rituxan	107	\$2,979,941
Ocrevus	50	\$2,624,482	Keytruda	24	\$1,746,621
Neulasta	80	\$1,787,942	Opdivo	17	\$1,278,565
Gammagard Liquid	24	\$1,692,605	Avastin	29	\$1,194,111
Privigen	34	\$1,323,710	Herceptin	25	\$1,137,627
Entyvio	39	\$1,152,678	Perjeta	18	\$897,221
Prolia	36	\$463,510	Erwinaze	1	\$721,177
Zemaira	2	\$443,619	Yervoy	8	\$596,216
Gamunex	18	\$402,524	Alimta	18	\$507,000
Xolair	9	\$401,713	Darzalex	7	\$367,145
Overall	591	\$22,427,916	Overall	342	\$14,636,180

**Outpatient
Hospital Site of
Care Savings
Opportunity:**

**\$37,064,096
across 754
patients**

**\$49,157 per
patient**

QUESTIONS?

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